

Message Text

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PAGE 01 ABU DH 01711 081225Z
ACTION NEA-10

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-09 ISO-00 FEA-01
ERDA-07 AID-05 CEA-01 CIAE-00 COME-00 EPG-02
DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-15 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-10 PA-02 PRS-01 /163 W
-----081233Z 113805 /53

P R 081145Z JUN 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 6203
INFO AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
AMEMBASSY TOKYO
AMEMBASSY VIENNA

UNCLAS ABU DHABI 1711

DEPT PASS BAGHDAD

E.O. 11652: N/A
TAGS: ENRG, TC
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SUBJ: UAE OIL MINISTER SUPPORTS OPEC PRICE COMPROMISE

1. IN LOCAL INTERVIEW PUBLISHED JUNE 7, OIL MINISTER
UTAYBA SAID THAT UAE AND SAUDI ARABIA ARE INTESI-
FYING THEIR EFFRTS TOWARD FINDING AN ACCEPTABLE
COMPROMISE WITH OPEC ELEVEN TO RESTORE ONE-PRICE
SYSTEM. HE WARNED, HOWEVER, THAT EXAGGERATED PRICE

RISE IS "OUT OF THE QUESTION." ENGLISH LANGUAGE
NEWSPAPER HERE ALSO CITES TV INTERVIEW IN DOHA JUNE 6
WHERE UTAYBA REPORTEDLY SAID: "WE ARE ABSOLUTELY
WILLING TO MEET AND CONSIDER A SINGLE PRICE SYSTEM
SOMEWHERE BETWEEN THE FIVE AND TEN PERCENT INCREASES."

2. FOLLOWING IS RELEVANT TEXT OF INFORMAL EMBASSY
TRANSLATION OF UTAYBA INTERVIEW APPEARING IN SEMI-
OFFICIAL AL-ITTIHAD JUNE 7:

QUOTE: UAE OIL MINISTER DR. OTAIBA SAID THAT SAUDI
ARABIA AND UAE ARE INTENSIFYING THEIR EFFORTS FOR
A RETURN TO THE UNIFIED PRICE SYSTEM AS BEING THE
ONLY WAY TO PRESERVE OPEC UNITY AND CONSOLIDATE ITS
FRONT. HE SAID: "THE TWO COUNTRIES BELIEVE THAT AN
EXAGGERATED OIL PRICE INCREASE IS OUT OF THE QUESTION.
WE MUST BE VERY RESERVED WHEN TACKLING THE PRICE
ISSUE, BECAUSE OF THE EFFECTS AND REFLECTIONS ON THE
WORLD ECONOMY OF WHICH WE ARE A PART". THE OIL MINISTER
SAID THAT "THERE ARE FACTORS LINKED TO THE OIL PRICES
AND AMONG THESE ARE THE NORTH-SOUTH DIALOGUE AND THE
MIDDLE EAST ISSUE, WHICH IS IMPORTANT TO US AND FOR
WHICH WE HAVE BEEN TRYING TO FIND A JUST SETTLEMENT".
THE OIL MINISTER EXPRESSED HIS HOPE THAT EFFORTS EX-
ERTED BY SAUDI ARABIA, VENEZUELA AND UAE FOR A RESTORA-
TION OF THE ONE-PRICE SYSTEM WOULD BE FRUITFUL BEFORE
THE FORTHCOMING OPEC CONFERENCE IN SWEDEN.

DR. OTAIBA POINTED OUT THAT THE DECISIONS OF THE OPEC
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ORGANIZATION ARE BASED ON FIRM AND CAREFULLY CALCU-
LATED GROUNDS, AND THE UAE AND SAUDI ARABIA ARE PRE-
PARED TO MAKE A MOVE TO THE MIDDLE OF THE ROAD AND
MEET WITH THE OTHER MEMBER COUNTRIES IF THEY DO
LIKEWISE. HE STATED THAT "THE QUESTION OF OIL PRICES
IS ECONOMIC BUT SINCE 1973 IT HAS BEEN SUBJECT TO
POLITICAL FACTORS WHICH HAVE INFLUENCED THE PRICE.
THE DOHA DECISION, WHETHER THE FIVE OR THE TEN PERCENT
INCREASE, IS MOSTLY POLITICAL IN NATURE. BUT THIS
SITUATION IS NOT LONG-LASTING. THEREFORE THE ECONOMIC
FACTORS MUST RETURN AGAIN TO PLAY THE MAJOR ROLE IN
IN DETERMINING THE PRICE OF OIL. WE MUST PERMIT THE
LAW OF SUPPLY AND DEMAND TO OPERATE TO DETERMINE THE
PRICE OF OIL. ALSO WE MUST LINK THE PRICE OF OIL TO
THAT OF INDUSTRIAL PRODUCTS ON WHICH WE SPEND MOST OF
OUR OIL INCOME." HE ADDED, "WE ALSO HAVE TO CREATE A
RELATIONSHIP BETWEEN THE PRICES OF OIL AND THE PRICES
OF THESE COMMODITIES."

IN HIS INTERVIEW IN THE TV'S "BLACK GOLD" PROGRAM IN
ABU DHABI, THE UAE OIL MINISTER SAID THAT THE DECISION
ON PRICES WILL HAVE TO BE, AFTER A SHORTWHILE, AN
ECONOMIC ONE AND THAT THE INCREASE IN THE PRICE SHOULD
BE GRADUAL, THUS MAKING IT EASY FOR THE WORLD; BOTH
THE POOR AND RICH TO DIGEST. END QUOTE
DICKMAN

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